

## Message Text

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65

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 L-03 H-02 CIAE-00 DODE-00 INR-07

NSAE-00 PA-02 PRS-01 SP-02 COME-00 USIE-00 INRE-00

SSO-00 /037 W

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O 042138Z FEB 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 8730

UNCLAS OTTAWA 471

POUCHED ALL CONSULATES IN CANADA

E.O. 11652: N/A

TAGS: EFIN, EIND, ETEL, SCUL, CA

SUBJ: BILL C-58 -- READER'S DIGEST

REF: ROUSE/O'CONNOR TELECON, FEB. 4, 1976; OTTAWA 416

FOLLOWING ARE EXCERPTS FROM COMMONS DEBATES OF FEBRUARY 3  
GIVING STATEMENTS OF REVENUE MINISTER CULLEN:

BEGIN QUOTE. "FOLLOWING THE ISSUE OF THE PRESS RELEASE IN  
OCTOBER, 1975, ALONG WITH MY COLLEAGUE THE SECRETARY OF STATE  
(MR. FAULKNER) I APPEARED BEFORE THE STANDING COMMITTEE AND  
SEVERAL QUESTIONS WERE RAISED AT THAT TIME INVOLVING....

AS I INDICATED, THE PRESS RELEASE WAS ISSUED IN OCTOBER,  
1975, AND FOLLOWING MY APPEARANCE BEFORE THE STANDING  
COMMITTEE THERE WERE SEVERAL QUESTIONS RAISED ABOUT THE  
UNIQUENESS OF DIGESTS. WE INDICATED THERE, AND HAVE INDICATED  
PUBLICLY, THAT IT WAS NOT THE INTENTION OF THE LEGISLATION  
AS PRODUCED BY MY HON. COLLEAGUE TO PRECLUDE THE OPERATION OF  
A DIGEST IN CANADA. AS A RESULT OF QUESTIONS WHICH  
WERE RAISED IN THE COMMITTEE AS TO WHETHER THIS LEGIS-  
LATION IN FACT HAD THAT EFFECT, I AGAIN DISCUSSED THE  
MATTER WITH MY OFFICIALS AND SUBSEQUENTLY TALKED TO

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COUNSEL FOR READER'S DIGEST.

IT SEEMED TO ME AT THE TIME THAT THE LEGISLATION WOULD HAVE THAT IMPACT, THAT IS, THAT IT WOULD PRECLUDE DIGESTS, SO THAT IF TWO, THREE OR TEN CANADIANS GOT TOGETHER AND DECIDED THEY WERE GOING TO HAVE A CANADIAN DIGEST 100 PER CENT OWNED BY CANADAINS, WITH THE EDITING AND PUBLISHING BEING DONE IN CANADA, IT WOULD BE THEORETICALLY POSSIBLE FOR THEM TO OPERATE IN CANADA UNER THE 80 PERCENT RULE, BUT IT WOULD BE FOR ALL PRACTICAL PURPOSES IMPOSSIBLE BECAUSE OF THE UNIQUE NATURE OF DIGESTS.

I THEN DISCUSSED THIS AT SOME LENGTH WITH COUNSEL FOR READER'S DIGEST AND I ASKED THEM ALSO TO DISCUSS IT WITH MY OFFICIALS. AT THAT TIME IT SEEMED REALLY ACADEMIC, BECAUSE READER'S DIGEST HAD INDICATED PUBLICLY THROUGH MR. ZIMMERMAN THAT IT DID NOT INTEND TO ABIDE BY THE 75 PERCENT OWNERSHIP RULE. THAT BEING THE CASE, AND DISCUSSION ABOUT CONTENT AND THE 80 PERCENT "NOT SUBSTANTIALLY THE SAME" RULE SEEMED TO BE REALLY AN EXERCISE IN FUTILITY BECAUSE THEY WERE NOT PREPARED TO GO DOWN THIS ROUTE. IN CONVERSATIONS WITH COUNSEL FOR READER'S DIGEST WE MORE OR LESS OPERATED ON THE BASIS OF ASSUMING THAT THAT IN FACT WILL TAKE PLACE.

WE HAVE A PROPOSITION, OR A PROPOSAL TO MAKE THAT WE CAN ABIDE BY THE 80 PER CENT RULE PROVIDED IT IS CLEARLY UNDERSTOOD THAT IF THE UNITED STATES READER'S DIGEST SECURES ITS MATERIAL FROM AMERICAN OR, FOR THAT MATTER, BRITISH MAGAZINES AND THAT MATERIAL IS USED IN THE U.S. READER'S DIGEST, AND IF THAT SAME ARTICLE WAS CONDENSED AND USED IN THE CANADIAN ONE, WOULD THAT BE CONSIDERED AS 80 PERCENT DIFFERENT? WE CONSIDERED THAT AND DECIDED, BECAUSE OF THE UNIQUE NATURE OF DIGESTS THAT WE WOULD ACCEDE TO THAT, SO THE 80 PER CENT RULE HOLDS.

BUT IN EXTENDING THIS TO MAKE THIS PROVISION, WE FELT WE SHOULD ACCOMMODATE DIGESTS, NOT READER'S DIGEST. ON THAT BASIS WE INDICATED THAT WE WERE PREPARED TO

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GIVE THAT INTERPRETATION. THAT PRESS RELEASE, I WOULD ASSUME, HAS BEEN ISSUED BY READER'S DIGEST. THE HON. MEMBER INDICATED THAT IT LOOKS LIKE A GOVERNMENT RELEASE, BUT IT IS NOT A GOVERNMENT RELEASE. END QUOTE. JOHNSON

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## Message Attributes

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